



OHIO DEPARTMENT OF TRANSPORTATION

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Budget Testimony for ODOT Director Jerry Wray February 19, 2011

Mr. Chairman, Distinguished Members,

First, Chairman Mica, welcome to the great State of Ohio and thank you for holding this field-hearing. I also want to thank all of our Members of Congress for coming today to discuss the ever important issue of Transportation.

As you may know, this is my second stint in the Director's seat at the Ohio Department of Transportation (ODOT) and I can tell you that while budgetary constraints and issues have certainly become more challenging since the mid-1990s, the mission and people of ODOT remain the same. ODOT is formed by a dedicated group of people that are more committed than ever to providing Ohioans the best value for their money on investments made in transportation here in our State. But, in order to continue to provide high-value to our citizens, we need a strong partnership and commitment from the Federal Government for continued, reliable funding; more flexibility in the way we are able to spend those funds; and decreased red tape associated with delivering projects.

Ohio is truly a cross-road for transportation in our country and is proven by the fact that:

- Ohio is a single day's drive from 60 percent of U.S. and Canadian population
- Ohio has the nation's 4th largest interstate system with 6,700 lane miles
- Ohio has the nation's 2nd largest total number of bridges with 43,412
- Ohio has approximately 715 miles of navigable waterways
- Ohio annually moves more freight by water than flows through the Panama Canal
- Ohio is ranked as high as 8th in the nation in value of freight shipments moved by water
- Ohio is 3rd in the nation in total active rail miles. In fact, in mid-2010, Ohio surpassed California.

It takes a great deal of work to maintain our system and we appreciate the partner we have in the Federal Government, but one of our most pressing needs is the fast-approaching shortfall of State funds we will have available to match Federal funds. In fact, our budget predictions show that by 2018 Ohio will no longer have the state matching funds needed to be eligible to receive all of our allotted Federal funding. This will consequently slow or stop much-needed projects.

We would like to respectfully suggest that the current matching criteria of 20 percent State and 80 percent Federal be re-evaluated and reduced to 10 percent State and 90 percent Federal. This is critical for continuing to maintain and grow our transportation system.

Additionally, reducing the match to 90/10 will not only help ODOT, but will arguably help our local partners even more. As you know, the budget situations for local governments are often-times more dire than State budgets and they depend on Federal dollars for many of their projects. Unfortunately, the matching requirements and regulations oftentimes make using Federal dollars not a viable option. Our infrastructure continues to age and we have to maximize our resources to ensure Ohio's economy, transportation system and citizens do not suffer.

Just like the rest of the country, Ohio is feeling the pinch of a sluggish economy and we fully understand the challenges associated with continuing to fund transportation projects. However, we strongly believe there is a need for reform. The current gas-tax structure is an outdated mechanism which, as we all know, can no longer sustain our nation's transportation system. We are dependent on a system that was created in 1925 when gas was only 22 cents a gallon.

The price of gas is not the only cost that has consistently risen over the years, inflation has affected our ability to construct new-and even maintain current- infrastructure, stretching our already over-stretched budgets. In fact, we have to spend 50 percent more today to get the equal amount of work performed in 2001. In 2011, we estimate our construction program-as well as the cost of steel, concrete and asphalt-to rise an additional 5.7 percent. Decreased revenues from the gas, tax combined with inflation in the construction sector, have seriously hindered ODOT's ability to provide much needed projects for our economic future.

As times change and prices continue to rise, our funding mechanisms must change as well. We would like to encourage Congress to look at new and innovative ways to pay for our transportation. These new mechanisms should accurately reflect the true use of the system and be fair to all members of our society.

Budget short-falls are not the only dilemma facing State Departments of Transportation around the country, the bureaucracy of the Federal project process, especially the National Environmental Policy Act, or NEPA, is also a major barrier to the quick and efficient delivery of projects. Much of the delay in the current process results from the 'logjam effect' in which too many projects are being pushed through too narrow of a pipeline of USDOT staff. To prevent this logjam, we believe USDOT's project-level responsibilities should be delegated to State DOTs, and USDOT should shift into an oversight role. SAFETEA-LU enabled this type of delegation to occur and it is our hope that the next Transportation Reauthorization Bill will greatly accelerate delegation to the states.

We believe it should not take 10 years for a project to reach the construction phase, but unfortunately due to these lengthy processes, this all too often is the case. We live in an era where time is money, and while still being good stewards of the environment is necessary, we are confident that the red tape could be cut dramatically.

Federal regulations within the United States Department of Transportation should also allow and encourage states, like Ohio, the flexibility to leverage their resources and find innovative means for generating revenue. For example, the possibility to lease land near or within longitudinal right-of-way and to lease available resources to private partners opens the door for innovation and partnerships with

private firms that are necessary. However, USDOT regulations stipulate a multitude of restrictions on what ODOT is allowed to do within its own right-of-way that does not allow for these types of partnerships to happen. ODOT and the associated rules and regulations need to move at the speed of business and technology while at the same time providing for an efficient and safe transportation system.

Additionally, another example where this flexibility can help is by changing Federal Highway Administration regulations in a way to allow States the use of private sector revenues to help subsidize rest areas. We see serious potential in allowing advertising inside rest areas as a way to lower our costs and increase value to travelers.

Finally, as you are all aware, we are in desperate need of a new Transportation Reauthorization Bill. Having a strong, robust, sustainable, and less restrictive bill in place will help us confidently and accurately plan for the future. Right now as it stands, it is difficult to know exactly what projects we will be able to deliver. We need to know where our Federal partner will stand not just for this year, but for the future as well. Transportation Reauthorization will enable Ohio to plan with our private sector and our local communities for projects that create and retain jobs.

Our focus is clear in Ohio. We need to work more efficiently than we have before to build and maintain our lead in the logistics industry. We are striving to help solve our budgetary constraints by exploring innovative ideas for generating revenue from available resources. Transporting people, goods and services while focusing on growing our economy can only happen with a predictable and dependable Federal partner.

Thank you all again for taking time out of your weekend to focus on these important issues. We appreciate your leadership and look forward to working with you. I would be happy to take any questions.